

**FACTORS THAT AFFECT SOCIAL MEDIA ADOPTION AMONG SMES IN
PAHANG**



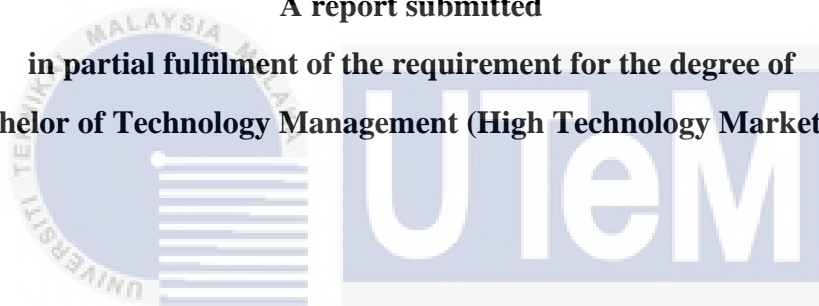
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**FACTORS THAT AFFECT SOCIAL MEDIA ADOPTION AMONG SMES IN
PAHANG**

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A report submitted

**in partial fulfilment of the requirement for the degree of
Bachelor of Technology Management (High Technology Marketing)**



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2023

DECLARATION

I declare that this thesis entitled “THE FACTORS THAT AFFECT SOCIAL MEDIA ADOPTION AMONG SMES IN PAHANG” is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

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APPROVAL

I hereby declare that I have checked this report and in my opinion, this thesis it complies the partial fulfillment for awarding the award of the degree of Technology of Management (High Technology Marketing) with honours.

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18.1.2023

DEDICATION

I would like to thank my family who give me the full support and encourage to fulfill my education. I also thank to my casemates who have shared their knowledge and experience to help me complete this research. Lastly, I would like to give thanks my beloved supervisor and panel who guided me with their knowledge, suggestion and useful comment during the process to complete my research project.



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ABSTRACT

Today's modern societies rely heavily on social media platforms anytime or anywhere. Even social media may get benefit for the business but SMEs are still unwilling to adopt social media. The managers of SMEs do not support the social media technology adoption due to them not being ready and the risk it poses, lack of understanding about the advantage to use social media technology, lack of human resources and insufficient technical infrastructure. The research focus to determine the factors that affect social media adoption among SMEs in Pahang by including independent variables of perceived ease to use, perceived usefulness, compatibility, relative advantage and perceived security. In this research, the researcher used quantitative method by selecting 300 respondents as a sample to answer the survey through Google Form. The data is analysed by using SPSS Software version 27. The expected of this result is four of the independent variables are positively affecting social media adoption among SMEs in Pahang such as perceived ease to use, perceived usefulness, compatibility and relative advantage while only one of the dependent variables is negative affecting in the research. The most significance independent variable is relative advantage. The limitation and recommendation have showed in the research. This result use to encourage that SMEs take more action and attention to improve awareness of the social media adoption for their businesses.

Keyword: social media, SMEs

ABSTRAK

Masyarakat moden hari ini sangat bergantung pada platform media sosial pada bila-bila masa atau di mana sahaja. Walaupun media sosial boleh mendapat manfaat untuk perniagaan tetapi PKS masih tidak mahu menggunakan media sosial. Pengurus PKS tidak menyokong penggunaan teknologi media sosial kerana mereka tidak bersedia dan risiko yang ditimbulkannya, kurang pemahaman tentang kelebihan menggunakan teknologi media sosial, kekurangan sumber manusia dan infrastruktur teknikal yang tidak mencukupi. Fokus penyelidikan untuk menentukan faktor-faktor yang mempengaruhi penggunaan media sosial di kalangan PKS di Pahang dengan memasukkan pemboleh ubah bebas yang dilihat mudah digunakan, dilihat kegunaan, keserasian, kelebihan relatif dan keselamatan yang dirasakan. Dalam penyelidikan ini, penyelidik menggunakan kaedah kuantitatif dengan memilih 300 responden sebagai sampel untuk menjawab kaji selidik melalui Google Form. Data dianalisis dengan menggunakan SPSS Software versi 27. Jangkaan keputusan ini adalah empat daripada pemboleh ubah bebas yang memberi kesan positif kepada penggunaan media sosial dalam kalangan PKS di Pahang seperti dilihat mudah digunakan, dilihat kegunaan, keserasian dan kelebihan relatif manakala hanya satu daripada pemboleh ubah yang bergantung adalah negatif yang mempengaruhi penyelidikan. Pemboleh ubah bebas yang paling penting adalah kelebihan relatif. Batasan dan cadangan telah ditunjukkan dalam penyelidikan. Hasil ini digunakan untuk menggalakkan PKS mengambil lebih banyak tindakan dan perhatian untuk meningkatkan kesedaran mengenai penggunaan media sosial untuk perniagaan mereka.

Kata kunci: media sosial, PKS

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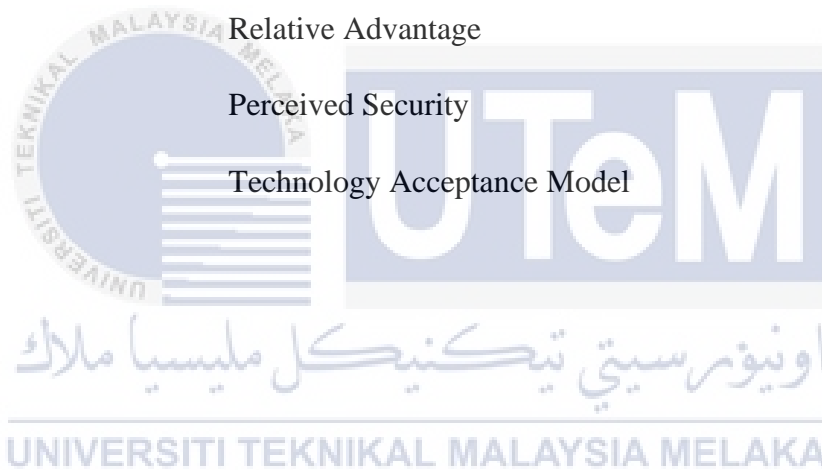


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LIST OF ABBREVIATIONS

| ABBREVIATION | MEANING |
|---------------------|------------------------------|
| SMEs | Small and Medium Enterprises |
| PEOU | Perceived Ease to Use |
| PU | Perceived Usefulness |
| CP | Compatibility |
| RA | Relative Advantage |
| PS | Perceived Security |
| TAM | Technology Acceptance Model |



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CHAPTER 1

INTRODUCTION

1.1. Introduction

This chapter will look at the factors that affect social media adoption among SMEs in Pahang. The background of the study, problem statement, research question, research objectives, scope and limitation of research and research significance will be discussed in this chapter.

1.2 Background of Study

Today's modern societies rely heavily on social media applications like Instagram, Facebook, WeChat, Twitter, and more to keep people connected with other users (Stelzner, 2015). The term "social media" refers to a computer-mediated interactive communications channel that sustains message development, knowledge, and other kinds of expression via social networking sites (Obar & Wildman, 2015). According to recent statistics, it was discovered that 4.65 billion users are actively using social media, accounting for 63 percent of the global population in April 2022 (Statista, 2022). The usage of social media has become an essential part of many people's lives all across the world (Dwivedi et al., 2021). Social media was considered a major platform to ensure the survival and growth of businesses, particularly for small and medium enterprises (SMEs) (Trawnih et al., 2021).

SMEs are often considered the economy's backbone (Bahaddad et al., 2012). According to the SME Corporation Malaysia (2021), the data of the Department of Statistics Malaysia showed that the percentage of businesses SMEs until 2021 was 97.4% in Malaysia. They are key in terms of employment generation and maintaining the economic stability of the country. Indeed, the sector of SMEs is seen as a critical component of modern industrialized nations. To thrive in the modern economy, SMEs are forced to use technology (Rahayu & Day, 2015). Social media adoption is widely regarded as one of the most effective marketing tools by SME businesses. As a result, the components of good marketing play a role in SME success. It can help SMEs in optimizing the usage of social media combined with marketing via the new media revolution. SMEs can now compete effectively with major organizations and constant innovation to do their business by using social media (Hassan et al., 2015).

In this era of high-technology marketing, how SMEs use social media to advertise their goods to the consumer is important (Trawnih et al., 2021). SMEs were increasingly relying on social media to spread information. One of the benefits of social media is that it has a lot of potential for the progress of an endeavor. SME actors must keep up with technological advancements by using social media in their business strategy. Businesses may use this platform to communicate with customers, allowing them to get wider market access (Samuel & Sarprasatha, 2016). As a marketing tool, social media marketing has also shown to be cost-efficient and advantageous to SMEs with limited marketing resources (Arora & Predmore, 2013).

The purpose of the research is to investigate the factors of social media adoption that will affect SMEs in Pahang. The goal of this study is to determine the relationship between social media and SMEs in Pahang. This research focuses on the people who work in SMEs in Pahang.

1.3 Problem Statement

Social media marketing assists in achieving conventional goals in non-traditional methods, such as with the use of creativity, community, and relationship, rather than relying on large amounts of money to reach marketing objectives. The benefits to adopt social media are increasing brand awareness (de Vries et al., 2012), reducing marketing activities expenses (De Vries, Gensler, and Leeflang, 2013) and increasing the business processes speed via feedback of direct products (Beier, 2016). Therefore, social media is the main platform for the growth and survival of a company, particularly SMEs in Malaysia (Trawnih et al., 2021).

Even though social media may benefit businesses but SMEs were still unwilling to adopt social media during the pandemic. The explanation that emerges was that the managers of SMEs do not support the social media technology adoption due to them not being ready and the risk it poses, lack of understanding about the advantage to use social media, lack of human resources and insufficient technical infrastructure (Sugandini et al., 2020). The issues of this Covid-19 forced small businesses to shift from conventional marketing to adopting social media. As a result of the acceleration shift to digital marketplaces, market access difficulties have risen to the fore, compounded by funding and talent issues (Vaghefi & Yap Jo-yee, 2021).

However, many SMEs cannot still make the transition to digitalization (SME Corporation Malaysia, 2021). The managers of SMEs still have not fully understood the knowledge of using social media platforms so they did not feel the benefit of using social media platforms (Effendi et al., 2020). Longstanding difficulties for SMEs include a lack of suitable talent and limited access to talent, both of which restrict innovation and adoption of social media. SMEs lack the funding and resources that are required to upskill or reskill their employees (SME Corp Malaysia & Huawei, 2018). Workers' skill sets may become obsolete or useless as a consequence of the rising demand for technology abilities due to companies do not provide courses or lessons for them to reskill or practice their talents regularly (Vaghefi & Yap Jo-yee, 2021).

Social media adoption is beneficial to SMEs, however, in unexpected situations, they do not use social media to market their products first. It's possible that social media

marketing is not always easy to use or cost-effective (Rugova & Prenaj, 2016). Businesses are not ready to use it because they need to gain knowledge and a lot of work to use social media so the business also has its challenge and risk before achieving success (Stelzner, 2015). The employees need to know the information technology law before participating in social media activities. The risks in terms of security and operation are high and may be considered a holdback to adopting social media marketing. Therefore, SMEs are scared of using social media for the risk of becoming victims of financial risk due to malware and viruses (Rugova & Prenaj, 2016).

The proper awareness of social media platforms is still lacking in businesses. Therefore, it is the reason why the researcher studies the factors affecting SMEs' social media adoption. It also finds out the factors that most influence social media adoption.

1.4 Research Question

1. What are the suitable factors that affect social media adoption among SMEs in Pahang?
2. What is the relationship between the factors affecting and social media adoption in Pahang?
3. What are the most significant factor that affects social media adoption among SMEs in Pahang?

1.5 Research Objective

1. To identify the suitable factors that affect social media adoption among SMEs in Pahang.
2. To analyze the relationship between the factors affecting and social media adoption among SMEs in Pahang.
3. To identify the most significant factor that affects social media adoption among SMEs in Pahang.

1.6 Scope and Limitation

The scope of this research is to investigate the factors that affect social media adoption among SMEs in Pahang. As long as the respondent is Malaysian and focuses on the people who work at SMEs in Pahang. This is because Pahang has a lot of SMEs that contain a lot of managers and employees.

Some limitations appeared during the conduct of this research such as time limits, restricted location, and the honesty of respondents. The time is very limited as the researcher needs to complete the data collection within 3 months. The honesty of respondents also is a limitation for conducting the research. The researcher cannot know that they answering the questionnaire honestly regarding their own experience and be serious to answer the questionnaire.



1.7 Research Significance

The research is expected to come out with an unexpected situation to give SME managers the intention to adopt social media in their businesses. Today's modern societies rely heavily on social media platforms at any time or anywhere. This research can help SMEs know the affecting of social media adoption in the future. Social Media is an important resource in Malaysia where SMEs can make a profit and make a long relationship with the consumer.

The useful information will use to prove the effect to adopt social media among SMEs. The expected research result will be used to suggest that SMEs take more attention to social media adoption when facing unexpected situations. Through social media, SMEs can successfully gain more profit and also make long relationships with consumers. Besides that, while SMEs sell their products or services via social media, the government will decrease the funding support to the SMEs due to social media provides cost-effective and also increases brand awareness.

1.8 Summary

The principles of this research have been formulated in this chapter. The affecting of adoption social media and the relationship among SMEs as the background of this research has been concluded. The reason to conduct this research is the problem statement. Besides that, this chapter also dedicated three research questions and research objectives. This research also explains about the significances of research. Lastly, there are several limitations cannot be avoided in this research which is time limits in data collection and report completion.



CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The literature review in this study will be discussed in this chapter which the researcher obtained from some sources such as journal articles, books and theses related to the research question. The problems, issues, ideas, points of view and others' conducted research results in the field of study will be addressed in this part. Social media adoption will discuss in the literature review. The factors that affect social media adoption will be discussed, as representing independent variables such as perceived ease to use, perceived usefulness, compatibility, relative advantage and perceived security. The theory of relevant variables and how they were related will be described by using the research framework and based on the research list the hypothesis.

2.2 Social Media Adoption

Adoption is the choice to choose to apply an invention as the best action available (Rogers, 1983). Adoption is the technology adoption process of an existing idea. social media is a computer-mediated interactive communications channel that sustains message development, knowledge, and other kinds of expression via social networking sites (Obar & Wildman, 2015). Social media applications such as Instagram, Facebook, WeChat, Twitter and more keep people connected with other people via the social media platform (Stelzner, 2015).